GOVERNMENT OF INDIA
COAL AND MINES
LOK SABHA

UNSTARRED QUESTION NO:2078
ANSWERED ON:03.12.2001
PRODUCTION COST OF ALUMINIUM
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Will the Minister of COAL AND MINES be pleased to state:

(a) the quantity of aluminium ingots (excluding scrap) imported and also imports against exports made and the amount of custom duty collected therefrom during the last three years;

(b) the details of custom duty on Aluminium ingots as compared to Asian and SAARC countries;

(c) the cost of production of Aluminium in the country during the above period;

(d) whether it is the lowest in the world;

(e) if so, the details thereof and the reasons therefor;

(f) whether the domestic selling price of Aluminium ingot is highest in the world;

(g) if so, the international price at which producers are exporting Aluminium;

(h) the reasons for maintaining high rate of customs duty and encouraging the producers to exploit public by charging price above international level; and

(i) the steps being taken by the Government to reduce the custom duty?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COAL AND MINES(SHRI RAVI SHANKAR PRASAD)

(a) The figures of aluminium ingots imported during the last three years are as under:

(Quantity in tonnes)

	1998-99	1999-2000	2000-2001
Aluminium ingots-not alloyed (Exim Code:76011001)	48203	36353	34174
Aluminium ingots-alloyed (Exim Code: 76012001)	20256	9434	7716

The amount of custom duty against the budget head of `aluminium` collected during the last three years are as under:

Year	Amount (Rs. in crores)

1998-1999	265.23
1999-2000	203.03
2000-2001	226.78

(b) The details of basic custom duty in SAARC and other Asian countries are given below:

(in per cent)

	Primary	Scrap	Secondary
WTO Code	7601	7602	7603-16
Country			
Japan	0	0	5
Indonesia	5	0	20
Malaysia	5	5	30
Philippines	10	-	35
Singapore	10	10	10
South Korea	5	3	13
Thailand	10	6	20
Pakistan+	5	10	-
Sri Lanka+	10	10	-
Bangladesh+	7.5++	7.5	-
India+	25	15	25

+ SAARC Countries
++ (Value added tax 15%)

(c), (d) and (e) The cost of production of aluminium in the country varies from plant to plant. However, National Aluminium Company Limited (NALCO) and Hindalco Industries (HINDALCO) the two major producers of aluminium in the country are amongst the lowest cost producers in the world. The cost of production depends on various factors such as quality of bauxite, rate of other inputs, cost of manpower and cost of power etc.

(f) and (g) Domestic aluminium prices in a particular country is linked to London Metal Exchange (LME) prices and other market forces operating in that country. The net export realisation (Gross sales realisation minus freight and insurance plus benefits under duty exemption pass book scheme and income tax) of NALCO, the major exporter in the country during the last three years is as under:-

(Rs. per tonne)

Year	1998-99	1999-2000	2000-2001
Net realisation	60,379	80,049	84,856

(h) and (i) The import duty rates are decided after taking into account all relevant factors like the domestic international prices, demand-supply situation, level of protection to the domestic producer and user industry etc. Taking into account all relevant factors, including the representations from the industry and recommendation from the Ministry of Coal & Mines, Government has decided to maintain the existing duty on aluminium